

CLASSIFYING TRANSACTIONS BY 4 STAGES OF DEVELOPMENT

Stage 1

Stage 2

Pre-Feasibility--1

Feasibility--2a

Project Development--2b

Purpose: Determine project viability & base case option to support commitment of funding for feasibility study

- Legal & regulatory assessment & identify stakeholders
- Project site assessment & selection
- · Grid connection assessment
- Resource analysis & data gathering (wind/solar projects)
- Due diligence on project inputs & equipment & services availability
- Estimate project capital costs (estimate accuracy +/- 30%)
- Estimate project life cycle costs
- · Estimate output (kW/MW) & tariff
- Determine initial project schedule, including permitting & required authorizations
- Preliminary project financial analysis
- Initial financial plan, including sources & uses of funds

Purpose: Refine base case to support commitment of resources to develop project & invest capital

- Acquire rights to purchase project site
- Develop plan for acquisition of transmission rights of way
- Finalize resource definition (data gathering & analysis)
- Indicative project design, choice of technology, vendor & services analysis
- · Assess tax impact & incentives
- · Environmental base line data collection
- Complete any technical studies required to support project
- Update capital costs (estimate accuracy +/-10-20%)
- Assessment of project risks & opportunities--risk mitigation plan
- Update financial model to reflect refined project costs & inputs
- Prepare & deliver proposal to ceding authority

Purpose: Undertake long lead time activities & obtain authorizations

- Obtain rights to develop project from ceding authority (via tender, direct negotiations, etc.)
- Apply for Feed in Tariff (if applicable)
- Acquire project site
- Apply for necessary permits, authorizations, & licenses
- Initiate acquisition of transmission rights of way
- Develop & implement community outreach plan
- Finalize project capital costs
- Identify equipment vendors, EPC contractors, & O&M service providers
- Detailed financial model, incl. cash flow, profitability / IRR, debt service coverage
- Develop financing plan, capital structure,
 & sources & uses of funds
- Select & hire advisors (legal, financial, technical, etc.)



CLASSIFYING TRANSACTIONS BY 4 STAGES OF DEVELOPMENT

Stage 3

Stage 4

Project Structuring--3a

Project Financing--3b

Conditions Precedent--4a

Project Completion--4b

Purpose: Structure project sufficient to attract project finance

- Finalize Shareholder Agreement & structure project vehicle (SPV)
- Negotiate Power Purchase Agreement (PPA)
- Negotiate Implementation Agreement (or other host country support agreement)
- Negotiate Grid Connection Agreement
- Negotiate for equipment, EPC Agreement, & O&M Services Agreement
- Develop preliminary Information Memorandum to attract financing
- Prepare environmental / social impact assessment & file for disclosure
- Identify lenders & involve lenders in negotiations

Purpose: Arrange finance on terms & conditions sufficient to Execute all Project Agreements

- Confirm lenders
- · Agree financing plan w/ lenders
- Develop lender financial model
- · Lender due diligence on project
- Finalize & negotiate term sheets with lenders
- Finalize credit enhancement mechanisms & lender security package
- Finalize level of project sponsor support
- Agree all debt & equity subscription agreements with lenders & equity providers
- · Loan syndication
- Obtain investment / credit committee approvals of equity & debt
- All Project Agreements Executed

Purpose: Reach Financial Close

- Architectural renderings complete
- · Logistical site plans finalized
- · Permitting in place
- Equipment suppliers, EPC, and O&M firms selected
- Meet all Conditions Precedent (CPs) to reach Financial Close

Purpose: Commence Construction & Reach Commercial Operations Date (COD)

- Issue Notice to Proceed & commence construction
- Equipment procured & construction completed
- Shake down period-period of testing & adjustments to improve performance before being declared operational
- Meet all completion tests—legal, technical, operational, financial, commissioning, etc
- Power delivery & sales commenced—reach COD